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Message Text

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67
ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

SEC-01 TRSE-00 COME-00 /063 W
---------- 113916
P 202130Z MAY 75
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC PRIORITY 0238

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E.O. 11652: N/A
TAGS: PFOR, PGOV, CS
SUBJECT: EXCELSIOR EDITORIAL ATTACKS U.S. SECURITIES AND EXCHANGE COMMISSION

1. SUMMARY: ON MAY 20, VESCO AND FIGUERES-ORIENTED "EXCELSIOR" PUBLISHED A LENGTHY AND HARSH EDITORIAL AGAINST THE SECURITIES AND EXCHANGE COMMISSION (SEC) ACCUSING IT OF TRYING TO "DESTABILIZE" THE GOCR. EMBASSY WISHES TO RESPOND. END SUMMARY.

2. THE EDITORIAL BEGAN BY REFERRING TO THE "CAMPAIGN MOUNTED BY THE SEC AGAINST A CONTROVERSIAL FINANCIER AND AGAINST THE HIGHEST AUTHORITIES OF COSTA RICA AND THE PLN," A CAMPAIGN WHICH CAUSED U.S. NEWSPAPERS TO SAY THAT COSTA RICAN JUDGES WERE "BOUGHT." THE NEW POWER OF SEC, THE EDITORIAL GOES ON, HAS INSPIRED ITS "RECENT MANEUVERS TO ACCUSE OTHER GOVERNMENTS OF BEING BRIBED, TRYING TO CREATE A "BANANAGATE" IN COSTA RICA AND PANAMA AND A "PETROLEUMGATE" IN VENEZUELA AND ECUADOR. HOWEVER, THE STRONG RESPONSE OF THESE COUNTRIES "HAS DETAINED FOR NOW, WHAT IS AN EVIDENT MANEUVER TO DESTABILIZE THESE GOVERNMENTS AND CREATE THE CONDITIONS FOR 'CHANGES' THE SEC SEES AS NECESSARY TO REACH ITS GOALS." THE EDITORIAL CLAIMS THAT THE SEC HAS TAKEN OVER THE FUNCTION OF INTERFERING IN THE AFFAIRS OF OTHER
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NATIONS FROM "OTHER AGENCIES" THAT CAN NO LONGER FUNCTION IN

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THIS WAY BECAUSE OF RECENT INVESTIGATIONS IN THE U.S.

3. REVIEWING THE HISTORY OF SEC, THE EDITORIAL STRESSES THAT IT HAS GROWN IN POWER SO MUCH THAT COMPANIES HAVE "PRACTICALLY NO POSSIBILITY TO APPEAL SEC'S ACCUSATIONS WITHOUT FACING RUIN SINCE THESE COMPANIES DEPEND ON THE SEC FOR THEIR OPERATIONS. THE EDITORIAL ACCUSES THE SEC OF CONVERTING ITSELF INTO "AN UNAPPEALABLE ARBITER OF INTERNATIONAL NEWS AGENCY GIVING OUT CONFIDENTIAL INFORMATION."

4. IN A CONTRADICTION OF PARAGRAPH 3, THE EDITORIAL GOES ON TO DISCUSS A RECENT U.S. APPELLATE COURT DECISION WHICH CLAIMED THAT THE SEC REGULATIONS DO NOT APPLY TO OVERSEAS STOCK SALES TO FOREIGNERS OUTSIDE THE U.S. THIS COURT DECISION, THE EDITORIAL GOES ON, NOT ONLY TRIPS UP (TRASPIE) "THE SEC'S AMBITIONS FOR INTERNATIONAL JURISDICTION," BUT ALSO SHOWS THAT THE CAMPAIGN AGAINST THE AFOREMENTIONED FINANCIER WAS "POLITICALLY MOTIVATED" AND THAT IF THE CAMPAIGN HAD SUCCEEDED IT WOULD HAVE CREATED AN "INTERNATIONAL PRECEDENT OF EXTRAORDINARY MAGNITUDES AND RAMIFICATIONS."

5. AMPLIFYING ON THE VESCO EXTRADITION "CAMPAIGNS", THE EDITORIAL SAYS THAT THE TWO EXTRADITION ATTEMPTS FAILED "FOR LACK OF PROOF AND USE OF FALSE DOCUMENTS," AND THAT NOW THE SEC WILL TRY AGAIN "WITH ALL THAT SIGNIFIES FOR THE POLITICAL STABILITY OF OUR COUNTRY." IT CRITICIZES ASSEMBLY DEPUTIES WHO WANT TO CHANGE THE EXTRADITION LAW ("FOR POLITICAL MOTIVATIONS,") IN EFFECT TO ADJUST COSTA RICAN LAWS TO "THE NECESSITIES OF THE EXTRA-TERRITORIAL JURISDICTION OF THE SEC."

6. THE EDITORIAL CLOSES WITH THE REFRAIN THAT THE SEC IS REPLACING "OTHER AGENCIES THAT ONCE HAD THE JOB OF DESTABILI-ZATION."

7. COMMENT. THE EMBASSY WOULD LIKE TO RESPOND THROUGH A LETTER FROM THE AMBASSADOR TO "EXCELSIOR" TO SET THE RECORD STRAIGHT. PLEASE GIVE GUIDANCE FOR A DETAILED RESPONSE. EDITORIAL TEXT WILL BE POUCHED.
TODMAN

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